



Steven L. Beshear
Governor

Finance and Administration Cabinet

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Jonathan Miller
Secretary

August 30, 2010

Secretary Nikki R. Jackson
Personnel Cabinet
501 High St.
Frankfort, KY 40601

RE: Proposed Furlough Implementation for the Finance and Administration Cabinet, selected General Government agencies, the Kentucky Housing Corporation, the Kentucky Lottery Corporation and the Kentucky Higher Education Student Loan Corporation (Enclosure A) for September 3, 2010.

Dear Secretary Jackson:

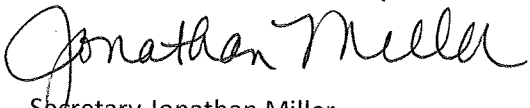
For your review and approval, please find enclosed per the regulatory requirements set forth within 101 KAR 5:015E the proposed furlough implementation plans for September 3, 2010 for the Finance and Administration Cabinet and selected General Government agencies, as well as the plans developed and proposed by the Kentucky Housing Corporation, the Kentucky Lottery Corporation, and the Kentucky Higher Education Student Loan Corporation. Enclosed within these documents are the following:

- The designation of individuals responsible for the oversight and administration of these furloughs with enclosed designation forms
- The proposed manner of how furloughs will be applied to all employees, classified and unclassified
- Any specific flexibility considerations or requests with appropriate justification
- Certifications that furloughs will be applied in compliance with the requirements established by 101 KAR 5:015E
- A copy of the sample notice that each employee will receive at least seven (7) days prior to any period of furlough

If you have any questions regarding this material, the lead contacts for the for the Finance and Administration Cabinet and selected General Government agencies are Robin Kinney at robin.kinney@ky.gov / (502) 564-5781 and Troy Robinson at troy.robinson@ky.gov / (502) 564-0410; the lead contact for the Kentucky Housing Corporation is Angie Cameron at acameron@kyhousing.org / (502) 564-7630 ext. 238; the lead contact for the Kentucky Lottery Corporation is Howard Kline at Howard.Kline@kylottery.com / (502) 560-1755; the lead

contact for the Kentucky Higher Education Student Loan Corporation is Linda Sewell at lsewell@kheslc.com / (502) 329-7155.

Sincerely,



Secretary Jonathan Miller
Finance and Administration Cabinet

Enclosures: **Enclosure A** – Finance and Administration Cabinet and selected General Government agencies
Enclosure B – Furlough Signature Authorization Forms for Finance and Administration Cabinet and selected General Government agencies
Enclosure C – Furlough Signature Authorization Form for Kentucky Higher Education Assistance Authority and Kentucky Higher Education Student Loan Corporation
Enclosure D – Furlough Signature Authorization Forms for Kentucky Housing Corporation
Enclosure E – Furlough Signature Authorization Forms for Kentucky Lottery Corporation
Enclosure F – Alternate Furlough Date letter for Finance and Administration Cabinet
Enclosure G – Written Notice of mandated dates for Finance and Administration Cabinet and selected General Government agencies
Enclosure H – Alternate Furlough Date letter for PVA
Enclosure I – Furlough Schedule Procedures for Kentucky Housing Corporation
Enclosure J – Notification of Alternate Furlough Day for Kentucky Housing Corporation
Enclosure K – Initial Notification of Designated Days for Kentucky Housing Corporation
Enclosure L – Alternate Written Notification Request for Kentucky Lottery Corporation
Enclosure M – Alternate Written Notification Request for Kentucky Higher Education Student Loan Corporation

FINANCE AND ADMINISTRATION CABINET

FURLOUGH PLAN FOR SEPTEMBER 3, 2010

I. DESIGNATION OF APPOINTING AUTHORITIES

FINANCE AND ADMINISTRATION CABINET AND SELECTED GENERAL GOVERNMENT AGENCIES

Pursuant to the authority provided in 101 KAR 5:015E and 2010 Extra. Sess. Ky. Acts ch. 1, Part IV, 11 , the Finance and Administration Cabinet has deemed it appropriate to designate additional individuals to be responsible for the oversight and implementation of the proposed furlough plan. These individuals will be responsible for ensuring that notice will be provided to employees and may accept and review any requests for voluntary furlough or any waivers of formal notices. No other individuals other than those designated in writing have the authority to take such actions related to furloughs. Additionally, these designated individuals will ensure that furlough time is appropriately monitored and taken by Finance and Administration Cabinet employees.

Name of designated employee(s)	Official Title	Specific organizational units for which they have authority
Robin Kinney	Executive Director Office of Administrative Services	31-070, 31-085, 31-089, 31-094, 31-097, 31-098, 31-099, 31-110, 31-345, 31-354, 31-400, 31-765, 39-079, 39-084, 39-130, 39-750, 39-758 & 39-785
Troy Robinson	Division Director Division of Human Resources	31-070, 31-085, 31-089, 31-094, 31-097, 31-098, 31-099, 31-110, 31-345, 31-354, 31-400, 31-765, 39-079, 39-084, 39-130, 39-750, 39-758 & 39-785
Linda Sewell	Vice President Human Resources - KHEAA	39-075
David Gordon	Executive Director Office of Property Valuation	39-103

KENTUCKY HOUSING CORPORATION

Pursuant to the authority provided in 101 KAR 5:015E and 2010 Extra. Sess. Ky. Acts ch. 1, Part IV, 11, Kentucky Housing Corporation (KHC) has deemed it appropriate to designate additional individuals to be responsible for the oversight and implementation of the proposed furlough plan. These individuals will be responsible for ensuring that notice will be provided to employees and may accept and review any requests for voluntary furlough or any waivers of formal notices. No other individuals, other than those designated in writing, have the authority to take such actions related to furloughs. Additionally, these designated individuals will ensure that furlough time is appropriately monitored and taken by all KHC employees.

Name of designated employee(s)	Official Title	Specific organizational units for which they have authority
Richard L. McQuady	Chief Executive Officer	Appointing authority; responsible for furlough plan oversight.
Mark Offerman	Deputy Chief Executive Officer/Chief Operating Officer	Back-up appointing authority; responsible for furlough plan oversight.

KENTUCKY LOTTERY CORPORATION

Pursuant to the authority provided in 101 KAR 5:015E and 2010 Extra. Sess. Ky. Acts ch. 1, Part IV, 11, the Kentucky Lottery Corporation has deemed it appropriate to designate additional individuals to be responsible for the oversight and implementation of the proposed furlough plan. These individuals will be responsible for ensuring that notice will be provided to employees and may accept and review any requests for voluntary furlough or any waivers of formal notices. No other individuals, other than those designated in writing, have the authority to take such actions related to furloughs. Additionally, these designated individuals will ensure that furlough time is appropriately monitored and taken by Kentucky Lottery employees.

Name of designated employee(s)	Official Title	Specific organizational units for which they have authority
Howard B. Kline	Sr. VP & CFO	Kentucky Lottery Corporation
Church Saufley	VP of HR	Kentucky Lottery Corporation

KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION

Pursuant to the authority provided in 101 KAR 5:015E and 2010 Extra. Sess. Ky. Acts ch. 1, Part IV, 11, Kentucky Higher Education Student Loan Corporation (KHESLC) has deemed it appropriate to designate additional individuals to be responsible for the oversight and implementation of the proposed furlough plan. These individuals will be responsible for ensuring that notice will be provided to employees and may accept and review any requests for voluntary furlough or any waivers of formal notices. No other individuals, other than those designated in writing, have the authority to take such actions related to furloughs. Additionally, these designated individuals will ensure that furlough time is appropriately monitored and taken by all KHESLC employees.

Name of designated employee(s)	Official Title	Specific organizational units for which they have authority
Linda Sewell	Vice President Human Resources	KHESLC

The written designations for the Finance and Administration Cabinet and the selected General Government agencies are enclosed with this proposed plan (Enclosures B and C) and will be maintained with the Personnel Cabinet. In addition, written designations for the Kentucky Housing Corporation (Enclosure D), the Kentucky Lottery Corporation (Enclosure E), and the Kentucky Higher Education Student Loan Corporation (Enclosure C) are enclosed with this proposed plan and will be maintained with the Personnel Cabinet. If necessary, additions or changes may be made to these designations, and these changes will only be made to the designations on file with the Personnel Cabinet rather than require an entire change to this proposed plan.

II. APPLICATION OF FURLOUGH DATES

The September 3, 2010 Mandated Shut-down Day

GENERAL GOVERNMENT – SELECTED AGENCIES

(OPTION 2)

The selected General Government agencies assigned to the Finance and Administration Cabinet will furlough ALL employees; however, the Finance and Administration Cabinet Plan includes some portions of the selected General Government agencies that will not result in a complete shut-down of its operations on September 3, 2010 based upon the following:

Part 1:

Exception 1:

The **Kentucky Office of Homeland Security (KOHS)** carries out multiple missions mandated by the U.S. Department of Homeland Security as well as the Kentucky General Assembly. Some examples of these missions include counterterrorism, community safety and security, administrative oversight of the Kentucky Intelligence Fusion Center, infrastructure protection and the Kentucky e-Warrant program. Due to the nature of these missions, it is impractical and unsafe to observe a total shut-down of this office.

The **KOHS** respectfully requests approval to allow three (3) employees to work on Friday, September 3, 2010. One (1) administrative employee will on duty to answer any calls from other government agencies or the private sector. One (1) Intelligence Analyst will be on duty in the Kentucky Intelligence Fusion Center to provide analytical support to federal, state or local law enforcement agencies that may require this type of service. The Executive Director will be working to provide management/supervisory oversight for the KOHS personnel who will be working on September 3, 2010.

Part 2:

For the above areas requiring an exception to the shut-down dates, the Finance and Administration Cabinet Plan proposes to implement the required furloughs in the following manner to recognize the mandated savings and implement the required furloughs:

The three (3) employees working on Friday, September 3, 2010, as mentioned within the aforementioned exception, will observe an alternate furlough day within the first pay period of September 2010, and as close to September 3, 2010 as possible. All furloughs will be done in compliance with the regulatory requirements of 101 KAR 5:015E.

The Finance and Administration Cabinet will provide notice to its employees of the furlough dates which are different from the September 3, 2010 shut-down dates by issuing an Alternate Furlough Date letter to each employee (Enclosure F).

All other employees within the selected General Government agencies assigned to the Finance and Administration Cabinet will comply with the mandatory shut-down day of September 3, 2010. Written notice has already been provided to each employee (Enclosure G) of these mandated dates.

FINANCE AND ADMINISTRATION CABINET

(OPTION 2)

The Finance and Administration Cabinet will furlough ALL employees; however, the Finance and Administration Cabinet Plan includes some portions that will not result in a complete shut-down of its operations on September 3, 2010 based upon the following:

Part 1:

Exception 1:

Within the **Commonwealth Office of Technology (COT)**, the **Customer Service Branch** facilitates the coordination and oversight of all aspects of COT business and customer service delivery. One of the branch's many responsibilities is to provide IT support to County Clerk offices throughout the Commonwealth. Since the County Clerk offices will be operational on September 3, 2010, this branch will need adequate staff to continue the delivery of their services. If these services are not provided to the County Clerk offices, COT will be in violation of customer service agreements relating to the County Clerk offices.

The **COT** respectfully requests approval to allow five (5) employees within the **Customer Service Branch** to work on Friday, September 3, 2010. These employees will provide minimal coverage in a manner not to interrupt IT support to the County Clerk offices throughout the Commonwealth.

Exception 2:

Within **COT**, the Office of Infrastructure Services (OIS) is responsible for operation of the Commonwealth's enterprise computing and communications environment. The OIS team handles day-to-day technical support and operation of executive branch IT resources and the Commonwealth Tier II Data Center. OIS oversees shared IT infrastructure resources and services, including large-scale computing, server hosting, data and voice communication networks, and phone systems.

In specific, the **Operations Services Branch** is responsible for enterprise monitoring of all systems housed within the Commonwealth Data Center (CDC) per criteria provided by systems support and the customer. This 24-hour, 7-day per week, 365 days per year operation is responsible for the environmental conditions surrounding the physical equipment and includes critical systems such as the Kentucky Emergency Warning System. In addition, this branch also provides operational support for all systems housed within the CDC, such as Initial Program Loads, reboots, restarting services, dumping regions, stopping/starting databases, etc. This branch provides operational support for disaster recovery, backups, and tape usage as well as maintains the Commonwealth's mainframe z/OS automations tools. This branch also answers phones and provides help desk support during off hours.

The Operations Services Branch also provides production batch system support which includes operating batch cycles and providing troubleshooting support for such agencies as the Department of Revenue, Workforce Development, Cabinet for Health and Family Services (CHFS), and the Finance and Administration Cabinet as well as others. The branch provides 7x24x365 coverage of the monitored systems, including holidays as requested.

COT respectfully requests approval to allow ten (10) employees within the **Operations Services Branch** to work on Friday, September 3, 2010. This 7x24x365 branch maintains operational coverage during holidays and weekends. These employees will provide minimal coverage necessary to maintain and monitor the Commonwealth Data Center (CDC) in a manner not to jeopardize system hardware and to provide service to supported agencies and customers.

Exception 3:

The **Production Services Branch within COT** is responsible for enterprise batch production services, automation processes, production cutover and z/OS server support. In particular, the production cutover team assists the server administration group in providing production cutover services in the implementation of server application roll-outs/upgrades as well as provides z/OS-server batch PCO services (JCL, documentation, programs, etc.) to support agencies in their day-to-day enterprise services. On Friday, September 3, 2010, based upon information provided by the Cabinet for Health and Family Services (CHFS), the Division of Child Support within the CHFS will be operational. That said, the Production Services Branch will need to provide cutover for the Kentucky Automated Support and Enforcement System (KASES).

COT respectfully requests approval to allow one (1) employee within the **Production Services Branch** to work on Friday, September 3, 2010. This employee will provide minimal coverage during second shift to perform cutover functions for KASES. Without this coverage, COT will not fulfill its obligations and commitments they have with CHFS in regards to KASES.

Exception 4:

Based upon information provided by the Transportation Cabinet, the Department of Vehicle Regulation will operate at 50 percent staffing level on September 3, 2010. The Production Services Branch supports Transportation's Automated Vehicle Information Systems (AVIS) and the Driver's License System applications. That said, the Production Services Branch will need to provide IT support for AVIS.

COT respectfully requests approval to allow one (1) employee within the Production Services Branch to work on Friday, September 3, 2010. This employee will provide minimal coverage by running and monitoring the Transportation online applications, such as AVIS and the Driver's License System. Without this coverage, COT will not fulfill its obligations and commitments they have with the Transportation Cabinet.

Exception 5:

The Production Services Branch within COT hosts the infrastructure for which the Kentucky Human Resources Information System (KHRIS) is to reside on. COT has one (1) employee who will be attending a SAP Basis class in Bentonville, Arkansas from Monday, August 30, 2010 through Friday, September 3, 2010. The employee is expected to return to Kentucky on Friday,

September 3, 2010. Authorization was obtained prior to the mandatory furlough days announcement.

COT respectfully requests approval to allow one (1) employee to work on Friday, September 3, 2010. As previously mentioned, this employee will be attending an out of state class and will be returning to Kentucky on September 3, 2010. To change the airline reservation at this time, the Commonwealth would incur a charge provided there is even a flight available and may result in additional compensatory time for the employee.

Exception 6:

The Office of Field Operations within the Department of Revenue (DOR) supports the DOR in administering tax laws, collecting revenue and providing services in a fair, courteous and efficient manner for the benefit of the Commonwealth and its citizens. In particular, the Audit Program is a necessary part of the Department of Revenue's compliance efforts. This program ensures fair and equitable tax treatment to all businesses operating in Kentucky. Audits are performed in the areas of sales and use tax, corporation income and license tax and property tax, to name a few. Audits are conducted in every county in the Commonwealth and across the United States from California to Rhode Island as appropriate. As a result of the Audit Process, one (1) employee is scheduled to attend a Streamlined Sales Tax Audit Committee Meeting in St. Paul, Minnesota on September 1 and 2, 2010, returning September 3, 2010. Authorization was obtained prior to the mandatory furlough days announcement.

DOR respectfully requests approval to allow one (1) employee within the Office of Field Operations to work on Friday, September 3, 2010. As previously mentioned, this employee will be attending an out of state meeting and will be returning to Kentucky on September 3, 2010. To change the airline reservation at this time, the Commonwealth would incur a minimum of a \$150.00 charge provided there is even a flight available and may result in additional compensatory time for the employee.

Exception 7:

The Office of Legal Services for Revenue within the Office of General Counsel provides administrative and legal services for their respective offices/departments and to the Finance and Administration Cabinet and Cabinet-related entities. Members of this office also represent the Cabinet before administrative boards and at all levels of state and federal court. On Friday, September 3, 2010, three (3) employees are scheduled to attend continuing legal education classes in Louisville, KY as part of their responsibility to attend sufficient classes to maintain their law licenses for their legal positions. Authorization was obtained prior to the mandatory furlough days announcement.

The Office of General Counsel respectfully requests approval to allow three (3) employees within the Office of Legal Services for Revenue to work on Friday, September 3, 2010. The scheduled continuing legal education classes on September 3, 2010 are at no charge to the Commonwealth and at a time which minimally impacts the business operations of the office. Rescheduling of other classes may result in a charge to the Commonwealth as the Finance Cabinet pays for reasonable costs associated with continuing legal education classes for staff in attorney classifications.

Exception 8 and 9:

The Office of the Controller is responsible for all state accounting policies and procedures, cash management and strategic financial planning. The Controller acts as the commonwealth's chief accounting officer. The Office of the Controller was advised by CHFS that their furlough plan provides for employees to create a check writer on Friday, September 3, 2010, to send out payments to custodial parents. CHFS typically creates a check writer for checks and another for ACH transactions. The check writers would contain approximately 1,500 transactions for \$5.4 million. This creates a chain reaction and in addition to CHFS employees, requires someone in the Office of the Controller to approve the transactions and submit to Farmer's Bank, someone from Treasury to print the checks, and someone from the Division of Postal Services mail the checks.

The **Office of the Controller** respectfully requests approval to allow one (1) employee to work approximately two (2) hours and be partially furloughed for approximately six (6) hours on Friday, September 3, 2010. This employee will observe an alternate partial furlough day (approximately two (2) hours, ultimately totaling eight(8) furlough hours) within the first pay period of September 2010, and as close to September 3, 2010 as possible. This employee would approve the checks and submit the ACH transactions to Farmer's Bank.

Relating to the aforementioned payments to custodial parents, the **Division of Postal Services** within the Office of Administrative Services respectfully requests approval to allow one (1) employee to work approximately two (2) hours and be partially furloughed for approximately six (6) hours on Friday, September 3, 2010. This employee will observe an alternate partial furlough day (approximately two (2) hours, ultimately totaling eight(8) furlough hours) within the first pay period of September 2010, and as close to September 3, 2010 as possible. This employee will pick up the checks from Treasury, apply postage and mail the checks accordingly.

Exception 10:

The **Office of Financial Management** (OFM) within the **Office of the Controller** invests available public funds so as to maximize safety of principal, liquidity and yield while minimizing risk pursuant to KRS 42.500 and KAR 200.14. The investment side of OFM handles fund cash transactions at the state's depository bank. While the state is closed, the banking system is open so there will be the need to fund any outgoing transactions and invest in excess funds. In order to facilitate, one (1) employee will be scheduled to work on September 3, 2010.

The **Office of the Controller** respectfully requests approval to allow one (1) employee within OFM to work on Friday, September 3, 2010. While it is preferable to have at least two members of the investment staff available on any particular day, this will allow us to cover required transactions with minimal exception to the furlough policy.

Exception 11:

The **Operations Branch** within the Division of Mechanical Services of the **Department of Facilities and Support Services** is responsible for the oversight and planning of preventative and corrective maintenance in all Finance owned / operated buildings within the Commonwealth, and specifically Franklin County. This 24 hour, 7 day per week branch is responsible for monitoring various mechanical systems such as HVAC, boilers, chillers, electrical, plumbing, fire alarms, elevators and other complex systems. In order to comply with pressure vessel (PV) code

and insurance mandates these functions must be performed. This is our normal mode of operations, as our PV logs must be filled out each day without exception to maintain our master machinery insurance.

The **Department for Facilities and Support Services** respectfully requests approval to allow five (5) employees within the Operations Branch of the Division of Mechanical Services to work on Friday, September 3, 2010. Since we must maintain coverage to respond to emergencies, LRC problems and to comply with boiler codes, the rover crews are accustomed to performing these duties during 2nd and 3rd shifts, as they routinely alter their work schedules to provide coverage during weekends and holiday's. If these employees do not maintain and monitor the various complex mechanical systems of Finance operated facilities, there is a serious liability regarding major mechanical failure, possibly resulting in severe damage to the facility, mechanical equipment and physical injury.

Exception 12:

The **Office of Property Valuation Administrator (PVA)** is responsible for assessing or estimating the value of property, both real and personal, for taxation purposes within each County of the Commonwealth. Staff within these offices are responsible for assisting the public as well as the locally elected PVA in regards to property valuation. Also, based upon information provided by the Transportation Cabinet, the Department of Vehicle Regulation will operate the Automated Vehicle Information Systems (AVIS) at 50 percent staffing level on September 3, 2010. As a result, four (4) PVA offices, within the following Counties, will be partially staffed on September 3, 2010.

The **Calloway County PVA Office** respectfully requests approval to allow one (1) employee to work on Friday, September 3, 2010. The local offices within Calloway County have indicated they must have adequate staffing in the office to provide support to the general public on September 3, 2010, as the local offices will not be closed due to State furloughs.

The **Hancock County PVA Office** respectfully requests approval to allow one (1) employee to work on Friday, September 3, 2010. The local offices within Hancock County have indicated they must have adequate staffing in the office to provide support to the general public on September 3, 2010, as the local offices will not be closed due to State furloughs.

The **Hardin County PVA Office** respectfully requests approval to allow three (3) employees to work on Friday, September 3, 2010. The local offices within Hardin County have indicated they must have adequate staffing in the office to provide support to the general public on September 3, 2010, as the local offices will not be closed due to State furloughs.

The **McCreary County PVA Office** respectfully requests approval to allow one (1) employee to work on Friday, September 3, 2010. The local offices within McCreary County have indicated they must have adequate staffing in the office to provide support to the general public on September 3, 2010, as the local offices will not be closed due to State furloughs.

The Finance and Administration Cabinet and General Government Agencies have no other known requests for exceptions for their employees in regards to September 3, 2010. However, the Finance and Administration Cabinet acknowledges the possibility that an emergency situation or exigent circumstance may result in an employee reporting to work during a scheduled furlough day. Potential areas in the Finance and Administration Cabinet that may be affected include, but are not limited to, employees in the Department for Facilities and Support Services, the Commonwealth Office of Technology and the Office of the Controller. The Furlough Appointing Authorities will be responsible for verifying that such emergency or exigent circumstance existed on the particular furlough days impacted.

Part 2:

For the areas requiring an exception to the shut-down dates, the Finance and Administration Cabinet Plan proposes to implement the required furloughs in the following manner to recognize the mandated savings and implement the required furloughs:

Excluding exceptions #8 and #9, the remaining 34 employees working on Friday, September 3, 2010, as mentioned within the aforementioned exceptions, will observe an alternate furlough day within the first pay period of September 2010, and as close to September 3, 2010 as possible. All furloughs will be done in compliance with the regulatory requirements of 101 KAR 5:015E.

The Finance and Administration Cabinet will provide notice to its employees of the furlough dates which are different from the September 3, 2010 shut-down dates by issuing an Alternate Furlough Date letter to each employee (Enclosure F). The Finance and Administration Cabinet will not approve or process any appointments until after September 3, 2010, as there will not be adequate time to provide furlough notice to these employees in accordance to 101 KAR 5:015E.

The Office of PVA's will provide notice to its employees of the furlough dates which are different from the September 3, 2010 shut-down dates by issuing an Alternate Furlough Date Letter to each employee (Enclosure H).

All other employees in the Finance and Administration Cabinet will comply with the mandatory shut-down day of September 3, 2010. Written notice has already been provided to each employee (Enclosure G) of these mandated dates.

SPECIAL NOTE: As the Finance and Administration Cabinet provides services through designated employees to work with sister agencies, it is possible that other agencies' furlough plans may impact the need for the Finance and Administration Cabinet to seek additional exceptions for employees in this plan. Sister agencies which are not closed on designated common days and/or agencies which are closed but may request exceptions to their furlough plans to continue necessary business operations, may by virtue of their plan approvals require Finance and Administration Cabinet employees to also work to support their business operations.

KENTUCKY HOUSING CORPORATION

KHC employees will be furloughed a total of six days, spread over the twelve-month fiscal year 2011. The furlough applies to all employees: exempt, non-exempt, probationary, full-time, part-time, temporary, and contractual. Furlough Schedule Procedures (Enclosure H) have been developed for the administration of the furlough schedules. All furloughs will be conducted in compliance with the regulatory requirements set forth in 101 KAR 5:015E.

(OPTION 2)

KHC does not operate in a 24-hour, seven day-a-week environment. However, the following exception for the mandated furlough date is being requested for approval:

Exception 1:

KHC is required to report monthly to Federal National Mortgage Association (FNMA or Fannie Mae) and the Government National Mortgage Association (GNMA or Ginnie Mae). The reporting deadlines are very tight.

The reporting requirements for Fannie Mae are separated by mortgage loan type. One type of loan must be completed by the 2nd business day (September 1-2) and the other type of loan must be reported by the 3rd business day (September 1-3). After meeting the reporting deadlines, KHC has six business days to address/correct all exceptions/rejects (September 7-14).

KHC has two business days to complete initial reporting (September 1-2) for Ginnie Mae loans. In this process KHC reports loan level information to one system and pool level information to a different system. KHC then has two business days (September 3-7) to reconcile the transactions reported on the two different systems. Following that, KHC has six (6) business days (September 8-15) to correct any rejects/exceptions. Each day as Ginnie Mae processes a different file, it creates more rejects and all the exceptions/rejects must be corrected during the September 8-15 time frame.

Failure to properly and timely report this information can result in significant monetary sanctions, as well as removal of KHC's authority to continue originating/servicing loans for these two Government Sponsored Enterprises (GSEs).

KHC respectfully requests approval to allow two (2) staff, the senior director of Loan Servicing and the assistant director/manager of Investor Accounting, to work on Friday, September 3, 2010. The alternate furlough day for both will be after the reporting period on Thursday, September 16, 2010. Written notification (Enclosure I) will be sent upon approval of this plan.

Employees will be required to take their furlough day on the next available working business day in the event that KHC has employees who must work on the designated furlough days due to meet reporting requirements, as identified in the above. Although unplanned circumstances may arise, all furloughs will be carried out in compliance with the requirements established by 101 KAR 5:015E. Written notification (Enclosure I) will be sent to those employees.

The Kentucky Housing Corporation acknowledges the possibility that an emergency situation may result in an employee reporting to work during a scheduled furlough day. If an emergency situation were to occur, it would most likely impact facilities maintenance and information technology. The Furlough Appointing Authorities will be responsible for verifying that such emergency or exigent circumstance existed on the particular furlough days impacted.

Notification of mandated shut-down days:

The first notice was mailed to all KHC staff on August 13, 2010 and is shown as Enclosure J.

KENTUCKY LOTTERY CORPORATION

The Kentucky Lottery Corporation's Furlough Plan complies with the mandatory shut-down days. On these dates, all offices will be closed and most employees, except those identified below including any contract workers, will not report to work. Written notice has already been provided to each employee of these mandated dates.

(OPTION 2)

Exception 1:

Conducting of the KLC's lottery drawings – The KLC is required to conduct mid-day drawings (at 1:20 P.M.) on Monday thru Saturday and evening drawings (at 10:58 P.M.) on Sunday thru Saturday for certain daily online games. These drawings take place 365 days of the year. The KLC's Drawing Manager, a 40 hour per week position, (of which there is only one individual) is responsible for conducting these drawings. Furloughing this individual on the mandatory days would force the KLC to pay someone else to perform these duties. We are proposing this individual work five hours on each of the mandatory shut-down days and take the remaining five furlough hours on other work days during the 2-week pay period.

Exception 2:

KLC's night computer center operations – Is responsible for providing overnight support for the KLC's computer systems including management of system work flows, system peripherals and onsite/offsite save media. They are responsible for performing all system backups; submitting, monitoring, and verifying completion of scheduled jobs; as well as all tasks associated with the nightly online draws including the running and balancing of the KLC's Internal Control System. This department is staffed by four individuals. Two individuals work each night and are responsible for covering a shift from 6 P.M. to 6 A.M., seven days per week. We are proposing to furlough each individual two hours per shift for four shifts to achieve the required eight furlough hours for each mandatory shut-down day. This approach will prevent the KLC from incurring additional payroll costs.

The KLC believes that the approach outlined above, is consistent and in compliance with the regulatory requirements. The KLC will provide written notice to the individuals impacted by the noted exceptions (Enclosure K).

The Kentucky Lottery Corporation acknowledges the possibility that an emergency situation may result in an employee reporting to work during a scheduled furlough day. If an emergency situation were to occur, it would most likely impact computer operations and/or facility management. The Furlough Appointing Authorities will be responsible for verifying that such emergency or exigent circumstance existed on the particular furlough days impacted.

KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION

KHESLC complies with the mandatory shut-down days. On these dates, all offices will be closed and all employees, including any contract workers, will not report to work. Written notice has already been provided to each employee of these mandated dates.

(Option 2)

Exception 1:

KHESLC's data processing and systems are operational 24/7 and require Information Technology maintenance and support staff. This involves one person, and this staff person will take the furlough day the next scheduled work day.

The KHESLC believes that the approach outlined above, is consistent and in compliance with the regulatory requirements. The KHESLC will provide written notice to the individuals impacted by the noted exceptions (Enclosure L).

KHESLC acknowledges the possibility that an emergency situation may result in an employee reporting to work during a scheduled furlough day. If an emergency situation were to occur, it would most likely impact KHESLC's 24/7 data processing and systems in regards to network problems. The Appointing Authority will be responsible for verifying that such an emergency or exigent circumstance existed on the particular furlough days impacted.

III. CONTRACT WORKERS

Finance and Administration Cabinet and General Government Agencies

Contract workers under contracts with the Finance and Administration Cabinet, and General Government agencies submitted under this plan, which are subject to the reduction of hours per the biennial budget bill, Personnel Cabinet regulation and guidance from the Finance and Administration Cabinet, shall have their hours reduced in the same manner as state employees on September 3, 2010. Contract workers under affected contracts will not report to work for the Commonwealth on that date. Written notices will be sent to the affected contract holders and invoices will be requested to be reduced in an amount equivalent to the number of hours/day work is reduced.

Exception 1:

The Operations Branch within the Division of Mechanical Services of the **Department of Facilities and Support Services** is responsible for the oversight and planning of preventative and corrective maintenance in all Finance owned / operated buildings within the Commonwealth, and specifically Franklin County. This 24 hour, 7 day per week branch is responsible for monitoring various mechanical systems such as HVAC, boilers, chillers, electrical, plumbing, fire alarms, elevators and other complex systems. In order to comply with pressure vessel (PV) code and insurance mandates these functions must be performed. This is our normal mode of operations, as our PV logs must be filled out each day without exception to maintain our master machinery insurance.

The **Department for Facilities and Support Services** respectfully requests approval to allow one (1) contract worker who is assigned to the Operations Branch of the Division of Mechanical Services to work on Friday, September 3, 2010. Since we must maintain coverage to respond to emergencies, LRC problems and to comply with boiler codes, the rover crews are accustomed to performing these duties during 2nd and 3rd shifts, as they routinely alter their work schedules to provide coverage during weekends and holiday's. If this contract worker does not maintain and monitor the various complex mechanical systems of Finance operated facilities, there is a serious liability regarding major mechanical failure, possibly resulting in sever damage to the facility, mechanical equipment and possible physical injury.

Exception 2:

The **Commonwealth Office of Technology (COT)** hosts the infrastructure for which the Kentucky Human Resources Information System (KHRIS) is to reside on. COT has two (2) SDS Database Analyst contractors who support KHRIS in regards to hosting. Both contractors will be attending a SAP Basis class in Bentonville, Arkansas from Monday, August 30, 2010 through Friday, September 3, 2010. The contractors are expected to return to Kentucky on Friday, September 3, 2010. Authorization was obtained prior to the mandatory furlough days announcement.

COT respectfully requests approval to allow two (2) SDS contractors to work on Friday, September 3, 2010. As previously mentioned, these employees will be attending an out of state class and will be returning to Kentucky on September 3, 2010. To change the airline reservation at this time, the Commonwealth would incur a charge provided there is even a flight available and may result in additional compensatory time for the employee.

Contractors who are required to work on Friday, September 3, 2010, as mentioned within the aforementioned exceptions, will observe an alternate furlough day within the first pay period of September 2010, and as close to September 3, 2010 as possible.

Excluding the aforementioned exceptions, the Finance and Administration Cabinet and General Government Agencies have no other known requests for exemptions or exceptions for contract worker reductions for September 3, 2010. However, as with state employees, the possibility exists that an emergency situation may result in a contract worker reporting to work during a scheduled furlough day. Potential areas in the Finance and Administration Cabinet that may be affected include, but are not limited to, contract workers in the Department for Facilities and Support Services, the Commonwealth Office of Technology, the Department of Revenue and the Office of the Controller. The Furlough Appointing Authorities will be responsible for verifying that such emergency or exigent circumstance existed on the particular furlough days impacted.

SPECIAL NOTE: As the Finance and Administration Cabinet provides services through designed contract workers to sister agencies, it is possible that other agencies' furlough plans may impact the need for the Finance and Administration Cabinet to seek additional exceptions for contract workers in this plan. Sister agencies which are not closed on designated common days and/ or agencies which are closed but may request exceptions to their furlough plans to continue necessary business operations, may by virtue of their plan approvals require contract staff to also work to support their business operations.

Kentucky Housing Corporation

The Kentucky Housing Corporation will require all contract workers subject to a reduction of hour to submit a plan to the KHC addressing how the contract workers shall reduce its hours in the same manner as KHC employees as the non-designated furlough periods for KHC. The KHC does not have any requests for exemptions or exceptions for contract worker reductions.

The Kentucky Lottery Corporation

The Kentucky Lottery Corporation will require all contract workers subject to a reduction of hour to submit a plan to the KLC addressing how the contract workers shall reduce its hours in the same manner as KLC employees as the non-designated furlough periods for KLC. The KLC does not have any requests for exemptions or exceptions for contract worker reductions.

The Kentucky Higher Education Student Loan Corporation

The Kentucky Higher Education Student Loan Corporation will require all contract workers, subject to a reduction of hours, to have their work hours reduced in the same manner as state employees on September 3, 2010.

As with state employees, the possibility exists that an emergency situation may result in a contract worker reporting to work during a scheduled furlough day. The Furlough Appointing Authorities will be responsible for verifying that such emergency or exigent circumstance existed on the particular furlough days impacted.

IV. REQUIRED CERTIFICATIONS

Please certify, by initial of The Finance and Administration Cabinet's agency head, that the statements are true:

We will not involuntarily furlough any employee more than twenty-four (24) work hours in a six (6) month calendar period, as provided in this subsection:

- Employees regularly assigned to a 40-hour work schedule shall be involuntarily furloughed no more than three (3) work days or twenty-four (24) work hours;
- Employees regularly assigned to a 37.5-hour work schedule shall be involuntarily furloughed no more than three (3) work days or twenty-two and one-half (22.5) work hours, which is the equivalent reduction of hours and corresponding pay; and
- All remaining employees on different work schedules shall be involuntarily furloughed in a manner to achieve an equivalent reduction of hours and corresponding pay, which shall be set forth in the furlough plan provided by the Cabinet Secretary and approved by the Secretary of Personnel.

Jm 8/23/2010

(INITIALS)

We will not involuntarily furlough any employee more than 20 percent of an employee's scheduled work hours in any one work week.

Jm 8/23/2010

(INITIALS)

Employees will not be permitted to utilize accrued leave balances in lieu of a temporary reduction of hours without pay.

Jm 8/23/2010

(INITIALS)

During the period of furlough, no contractor will receive either additional duties typically performed by a furloughed employee or work additional hours due to the furlough of a state employee.

Jm 8/23/2010

(INITIALS)

FINANCE AND ADMINISTRATION CABINET

GOVERNOR
MILITARY AFFAIRS COMMISSION
LIEUTENANT GOVERNOR
AGRICULTURAL DEVELOPMENT BOARD
THE OFFICE OF HOMELAND SECURITY
THE GOVERNOR'S OFFICE OF MINORITY EMPOWERMENT
GOVERNOR'S SCHOLAR
OFFICE FOR FAITH BASED AND COMMUNITY NONPROFIT SOCIAL SERVICES
SECRETARY OF THE CABINET
SCHOOL FACILITIES CONSTRUCTION COMMISSION
EXECUTIVE BRANCH ETHICS COMMISSION
COMMISSION ON WOMEN
OFFICE OF STATE BUDGET DIRECTOR
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY
COMMONWEALTH OFFICE OF TECHNOLOGY
KY RIVER AUTHORITY
DEPARTMENT OF REVENUE
OFFICE OF THE SECRETARY
OFFICE OF THE CONTROLLER
DEPARTMENT FOR FACILITIES AND SUPPORT SERVICES
OFFICE OF PVA's

Kentucky Housing
Kentucky Higher Education Student Loan Corporation
Kentucky Lottery



Enclosure F

STEVEN L. BESHEAR
Governor

Commonwealth of Kentucky
FINANCE AND ADMINISTRATION CABINET
OFFICE OF ADMINISTRATIVE SERVICES
DIVISION OF HUMAN RESOURCES

Room 188, New Capitol Annex
Frankfort, Kentucky 40601
(502) 564-0410 / (502) 330-9221 mobile
(502) 564-2613 Facsimile
Troy.Robinson@ky.gov

JONATHAN MILLER
Secretary

TROY ROBINSON
Director

DATE

Employee Name
Employee Address

RE: Notice of Alternate Furlough Date

Dear Employee Name:

Pursuant to 101 KAR 5:015E, this correspondence shall serve as official notice that you are to be furloughed on _____ in lieu of _____ (mandated date). Therefore, your hours will be temporarily reduced without pay on this date and you should not report to work.

As provided in 101 KAR 5:015E, this is not an appealable action.

If you have any questions regarding the above-referenced information, please feel free to contact me.

Sincerely,

Troy Robinson, Appointing Authority
Finance and Administration Cabinet

CC: Personnel File



Enclosure G

Steven L. Beshear
Governor

PERSONNEL CABINET
501 High Street, 3rd Floor
Frankfort, Kentucky 40601
Phone (502) 564-7430
Fax (502) 564-7603
www.personnel.ky.gov

Nikki R. Jackson
Secretary

August 15, 2010

RE: Formal Notice of Furlough Dates and Furlough Plan Information

Dear State Employee:

As you are likely aware, state executive branch employees are to be furloughed during this fiscal year in order to achieve the savings required by the budget passed by the General Assembly. There will be a total of six (6) furlough days which apply to all employees, merit and non-merit.

Three (3) of these furlough days will be established, "common" days of furlough. On these days, when possible, state government is to be shut-down. These common furlough days will increase operational savings and are adjacent to state holidays.

Therefore, please be advised that state government will be closed on the following common furlough days:

September 3, 2010

November 12, 2010

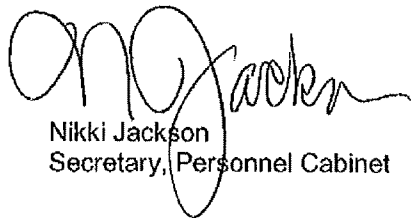
May 27, 2011

Pursuant to 101 KAR 5:015E, this correspondence serves as formal notice of the above-referenced furlough dates. Therefore, your hours will be temporarily reduced without pay on these dates and you should not report to work. **Your agency's Appointing Authority will soon submit a furlough plan which may include alternative furlough dates other than those stated above. NOTE: Alternative dates submitted by your Agency's Appointing Authority may be issued, so as to not impact any critical services to the public.** If approved, and if you are impacted by these alternative dates, you will receive further notification from your agency's Appointing Authority.

As provided in 101 KAR 5:015E, this is not an appealable action.

If you have any questions regarding the above-referenced information, please feel free to contact your agency HR Administrator. As always, thank you for your continued service to the Commonwealth.

Sincerely,


Nikki Jackson
Secretary, Personnel Cabinet


Kentucky
UNBROKEN SPIRIT
An Equal Opportunity Employer M/F/D

Enclosure H

Commonwealth of Kentucky
Finance and Administration Cabinet
Department of Revenue
Office of Property Valuation
501 High Street Post Office Box 1202
Frankfort KY 40602-1202

DATE

Employee Name
Employee Address

RE: Notice of Furlough Date

Dear Employee Name:

Pursuant to 101 KAR 5:015E, this correspondence shall serve as official notice that you are to be furloughed on _____. Therefore, your hours will be temporarily reduced without pay on this date and you should not report to work.

As provided in 101 KAR 5:015E, this is not an appealable action.

If you have any questions regarding the above-referenced information, please feel free to contact _____ (HR Administrator).

Sincerely,

David L Gordon
Appointing Authority

CC: Personnel File

Furlough Schedule Procedures

During the work period when a furlough day is scheduled, all staff will work a 7.5 hour workday. There will be no flex days. The furlough day will be the day off during that work period. The 7.5 hour work schedule assignments will be at the discretion of the department director to ensure that the needs of our customers are met during KHC's core hours of business, 8 a.m. to 5 p.m. The department director must ensure that there is sufficient office coverage during these hours and may choose to specify to staff which 7.5 hour work schedules options are available, as some departments may not be able to meet the needs of customers if staff does not arrive until 9 a.m. or leaves at 3:30 p.m.

Work Schedule Options During Furlough Work Periods

- 7:00 a.m. to 3:30 p.m.
- 7:30 a.m. to 4:00 p.m.
- 8:00 a.m. to 4:30 p.m.
- 8:30 a.m. to 5:00 p.m.
- 9:00 a.m. to 5:30 p.m.

The following are the dates employees must work a 7.5 hour workday based on their current flex schedule.

Option II (flex day every other week)

Those who work this schedule will work 7.5 hour workdays for the two-week work period that includes the furlough day.

<u>Furlough Date</u>	<u>7.5 hour Work Schedule Dates</u>
September 3, 2010	Monday, August 23 - Thursday, September 2
October 11, 2010	Monday, October 4 - Friday, October 15
November 12, 2010	Monday, November 1 - Wednesday, November 10 (Thursday, November 11, Veterans Day)
May 27, 2011	Monday, May 16 - Thursday, May 26

Option III (4-day work schedule)

Those who work this schedule will work 7.5 hour workdays for the four days during the week of the furlough day.

<u>Furlough Date</u>	<u>7.5 hour Work Schedule Dates</u>
September 3, 2010	Monday, August 30 - Thursday, September 2
October 11, 2010	Tuesday, October 12 - Friday, October 15
November 12, 2010	Monday, November 8 - Wednesday, November 10 (Thursday, November 11, Veterans Day)
May 27, 2011	Monday, May 23 - Thursday, May 26

Additionally, any leave taken during the specified work periods above (based on work schedule) will be taken in 7.5 hour increments.

Non-Exempt Overtime Compensation

An employee cannot work on a designated furlough day; therefore, the furlough day will not count as time worked during the defined work period in which the furlough day falls. An employee cannot work additional hours to make up for the furlough day.

Part-time Employees

Part-time employees will have their hours reduced in a proportionate manner based on their work schedule; however, KHC will not involuntarily furlough any employee more than 20 percent of their scheduled work hours in any one workweek.

Enclosure J



<Date>

<Employee Name>

<Employee Address>

RE: Notification of Alternate Furlough Day

Dear <Employee Name>:

Pursuant to 101 KAR 5:015E, this correspondence shall serve as official notification that you are to be furloughed on _____ in lieu of _____. Therefore, your hours will be temporarily reduced without pay on this date and you should not report to work.

As provided in 101 KAR 5:015E, this is not an appealable action.

If you have any questions regarding this information, please feel free to contact Angela Cameron, senior director of Human Resources, acameron@kyhousing.org or (502) 564-7630, extension 238.

Sincerely,

Richard L. McQuady
Chief Executive Officer

RLM:ac

cc: Personnel File





Steven L. Beckert
Governor

PERSONNEL CABINET
501 High Street, 3rd Floor
Frankfort, Kentucky 40621
Phone (502) 562-6430
Fax (502) 562-6005
www.personnel.ky.gov

Nikki R. Jackson
Secretary

August 15, 2010

RE: Formal Notice of Furlough Dates and Furlough Plan Information

Dear State Employee:

As you are likely aware, state executive branch employees are to be furloughed during this fiscal year in order to achieve the savings required by the budget passed by the General Assembly. There will be a total of six (6) furlough days which apply to all employees, merit and non-merit.

Three (3) of these furlough days will be established, "common" days of furlough. On these days, when possible, state government is to be shut-down. These common furlough days will increase operational savings and are adjacent to state hol days.

Therefore, please be advised that state government will be closed on the following common furlough days:

September 8, 2010

November 12, 2010


May 27, 2011

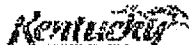
Pursuant to 101 KAR 5:015E, this correspondence serves as formal notice of the above-referenced furlough dates. Therefore, your hours will be temporarily reduced without pay on these dates and you should not report to work. Your agency's Appointing Authority will soon submit a furlough plan which may include alternative furlough dates other than those stated above. **NOTE: Alternative dates submitted by your Agency's Appointing Authority may be issued, so as to not impact any critical services to the public.** If approved, and if you are impacted by these alternative dates, you will receive further notification from your agency's Appointing Authority.

As provided in 101 KAR 5:015E, this is not an appealable action.

If you have any questions regarding the above-referenced information, please feel free to contact your agency HR Administrator. As always, thank you for your continued service to the Commonwealth.

Sincerely,


Nikki Jackson
Secretary, Personnel Cabinet



An Equal Opportunity Employer M/F/D/V



<DATE>

To: All Employees

From: Church Saufley

RE: Notice of Furlough Date

<first paragraph used for designated days>

Pursuant to 101 KAR 5:015E, this correspondence shall serve as official notice that you are to be furloughed on _____. Therefore, your hours will be temporarily reduced without pay on this date and you should not report to work.

<second paragraph used for non-designated days>

Pursuant to 101 KAR 5:015E, this correspondence shall serve as official notice that you are to be furloughed for one day during the pay period _____. Therefore, your hours will be temporarily reduced without pay for one day during this pay period and you should not report to work on the day that you and your manager have designated for your furlough day.

As provided in 101 KAR 5:015E, this is not an appealable action.

If you have any questions regarding the above-referenced information, please feel free to contact me.



Enclosure M

FINANCE AND ADMINISTRATION CABINET
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

Steven L. Beshear
Governor

P.O. Box 798
Frankfort, Kentucky 40602-0798
Phone: 1-800-928-8926
Fax: 502.696.7373
www.kheaa.com

Jonathan Miller
Secretary

Edward J. Cunningham
Executive Director

DATE

Employee Name
Employee Address

RE: Notice of Furlough Dates

Dear Employee Name:

Pursuant to 101 KAR 5:015E, this correspondence shall serve as official notice that you are to be furloughed on _____. Therefore, your hours will be temporarily reduced without pay on these dates and you should not report to work.

As provided in 101 KAR 5:015E, this is not an appealable action.

If you have any questions regarding the above-referenced information, please feel free to contact me.

Sincerely,

Linda Sewell
Vice President, Human Resources



DATE

Employee Name
Employee Address

RE: Notice of Furlough Dates

Dear Employee Name:

Pursuant to 101 KAR 5:015E, this correspondence shall serve as official notice that you are to be furloughed on _____. Therefore, your hours will be temporarily reduced without pay on these dates and you should not report to work.

As provided in 101 KAR 5:015E, this is not an appealable action.

If you have any questions regarding the above-referenced information, please feel free to contact me.

Sincerely,

Linda Sewell
Vice President, Human Resources

EQUAL OPPORTUNITY EMPLOYER M/F/H/D